



CORONAVIRUS DISEASE (COVID-19) PANDEMIC AND THE NIGERIAN STOCK MARKET PERFORMANCE

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Abstract

The emergence of the highly contagious coronavirus disease (COVID-19) pandemic and the responses to it would have affected the Nigerian stock market. The study investigated the effect of the pandemic on the Nigeria stock market performance generally and on the various sectors of enterprises on the exchange. Event study methodology with an application of t-test of means difference between daily stocks indices covering 50 trading days to the emergence of the pandemic and 50 trading days in the pandemic were employed for the investigation. Findings indicate that COVID-19 had significant negative effect on the stock market generally and across all the different sectors of the exchange. The findings could be attributed to the restrictions and social-distancing imposed responses to COVID-19, uncertainty and fear it created, coupled with the structure of the economy with low level application of hi-technology. The study recommends that government should provide stimulus packages that will put companies back on track to their pre-COVID-19 performance, intensify efforts in the provision of health care facilities and research endeavours that will respond speedily to pandemic outbreak, and improve on information management to reduce fear and uncertainty associated with COVID-19.

Key Words: Stock Market, Performance, COVID-19, Event Study

JEL Classification code: G14, G23, G32

1. Introduction

A novel highly contagious coronavirus disease (COVID-19) which started in Wuhan China in December 2019, declared by the World Health Organisation (WHO) as a global health emergency on January 30, 2020 and as a pandemic on March 11, 2020 is not only affecting the health and lives of people but economies of nations round the world. COVID-19 is highly infectious and a fatal health crises similar to previous pandemic outbreaks such as Severe Acute Respiratory Syndrome (SARS) virus, the Middle East Respiratory Syndrome (MERS), Ebola, and Zika (Pitlik, 2020; OECD, 2020). Presently, COVID-19 has no specific drug for its treatment and there was no vaccine for it, hence it quickly became a socioeconomic problem as people's healths were affected and restrictive measures to stop its spread were put in place. These have made COVID-19 pandemic an unexpected shock to the world economy including capital market which is a mirror and barometer of economic performance (OECD, 2020; Financial Times, 2020; The Telegraph, 2020).

The announcement of the entrance of the dreaded virus into Nigeria on 27th February 2020 and its rapid spread across the country was responded to with preventive measures such as social distancing, restrictions on commercial activities, lockdown of states and subsequent implementation of several monetary and fiscal policies by the government to mitigate the effects of the pandemic. The emergence of the COVID-19 and the various responses to it, no doubt



would have affected the Nigerian economy including the Nigerian stock market like it did in other countries having the COVID-19 outbreaks. Since the products being traded in the stock market are highly liquid, the market might have instantaneously been affected by the sudden eventualities as investors quickly reassess their market risk perception, readjust their purchasing and sales plans, and as businesses put on hold their further investments due to uncertainties created by the pandemic. Hence, the pertinent question is to what extent did COVID-19 affect the stock market and its various sectors with the objective of ascertaining whether the effect is significant or not so that empirical evidence based mitigating recommendations will be proffered for policies and other measures that will improve the market be put in place.

These necessities have prompted some existing studies on the impact of pandemics on stock market performance. However, these studies have focused on developed markets and economies neglecting emerging markets like that of Nigeria. For instance, Baker, Bloom, Steven, Davis, Kost, Sammon, and Viratyosin (2020); Onali (2020); Harjoto, Rossiand Paglia (2020); and Ramelli and Wagner (2020) all studied the effect of COVID-19 on the USA stock market. Liu, Manzoor, Cang, Wang, Zhang and Manzoor (2020) evaluated the short-term impact of COVID-19 on 21 leading stockmarket indices in major affected countries including Japan, Korea, Singapore, the USA, Germany, Italy, and the UK. Nippani and Washer (2004) evaluated the effect of SARS on Canadian stock exchange markets and eight Asian stock exchanges. Chen, Jang and Kim (2007) examined the effect of SARS epidemic on Taiwanese hotel industry stock market performance.

Although, Osagie, Maijamaa and John (2020) examination of the effect of COVID-19 on the performance of the Nigeria stock exchange applying GARCH models with historical data covering 2nd March 2015 to 16th April, 2020 and Alade, Adeusi and Alade (2020) study of the relationship between COVID-19 confirmed cases and Nigerian stock market capitalization using daily data from 1 March to 31 May 2020, employing Vector regression model for the estimation were on Nigeria, their focuses were on stock price volatility and market capitalization respectively and not on the performance of the market. Hence, this study examines the effects of COVID-19 on the Nigerian stock market performance. Findings from the study will have significant policy implications for investors, firms and policy makers on stocks reaction to pandemic in Nigeria.

2. Literature Review

2.1 Theoretical Framework

The study is theoretically predicated on Black Swan theory, and Efficient Market Hypothesis. The Black Swan theory which was developed by Talib (2001) is about an impact of a highly improbable, rare and unpredictable event on a society that after it has taken place, the society will retrospectively provide a simplistic explanation to the event. However, the event is rare in nature; it is likely that similar event has taken place before. Talib (2001) applied the theory on the impact of unexpected event on stock market and other commercial activities based on a story in an olden day Australia. Then it was unknown that there was a black swan except the known white swans such that when a scientist discovered a black swan that looks exactly like the known white swan it was a great surprise and changed their thoughts in the society.



The Black Swan theory demonstrates that what you do not know is far more influential than what you know, thus, limiting reliance on experiences to predict the future performances of stocks. The black swan event can be in form of an outbreak of a pandemic, natural disaster, war, financial crash among other eventualities that cause severe negative or positive impact.

The theory is not about how to predict Black Swan events, but on how to put strong measures in place that can reduce their likelihood effects, benefit from negative events and an ability to exploit the ones that are positive events. From the capital market point of view, there are several ways to capitalize on black swan events whenever they occur and prevent portfolios from suffering devastating losses. These include accepting that highly improbable, rare and unpredictable events are fact of life that can occur any time. By so doing, the element of surprise is removed so that whenever it does occurs the agent is unruffled, but rather calmly and rationally seize the opportunities that come with the black swan event to invest in resilience stocks. Secondly, it provides an experience that encourages diversification of investments into diverse portfolios of different level of risks. This theory aptly suits an explanation of COVID-19 on a stock market.

The second theoretical foundation of the study is the Efficient Market Hypothesis. The theory states that a market is efficient if the price of products traded on it reflects all the information about the market such that prices change quickly to reflect any new information about the prospects and opportunities in the market (Fama, 1965; Samuelson, 1965). It is a market that the demand and the supply forces of the buyers and sellers in the market acting based on their information about the market are in equilibrium such that the market is fully competitive and no individual has undue advantage of any privileged information (Omolehinwa, 2006). In that equilibrium condition, any sudden unexpected event or information will immediately be reflected on the share prices and returns in the market. This implies that if the Nigerian stock market is efficient, COVID-19 pandemic outbreak will cause changes in shares prices and returns in the market hence affecting its performance.

2.2 Empirical Literature

Empirical literatures on the effects of disease pandemic on stock markets are concentrated on advanced with some as far back on the outbreak of SARS in 2004. Liu, Manzoor, Cang, Wang, Zhang and Manzoor (2020) evaluated the short-term impact of the COVID-19 outbreak on 21 leading stockmarket indices in the then major affected countries including Japan, Korea, Singapore, the USA, Germany, Italy, and the UK using an event study method. The study reveals that the stockmarkets in major affected countries fell quickly after the virus outbreak, and that countries in Asia experienced more negative abnormal returns as compared to other countries.

Similarly, Ramelli and Wagner (2020) using an event study, examined the US firms stock price reactions to COVID-19 during three different sub-periods from January through 20 March 2020 and found that US firms exposed to and with businesses related to China experienced negative abnormal returns during the incubation period of the pandemic and have significantly negative returns during the outbreak period in the US. Still in the USA, Harjoto, Rossi and Paglia (2020) studied the reactions of stock markets to the WHO announcement of COVID-19 pandemic on 11 March 2020 and the Federal Reserve Bank announcement of stimulus package on 9 April



2020. The study found that the announcement of COVID-19 pandemic caused a negative shock to the global stock markets, especially in emerging markets and for small firms.

In an attempt to find the reasons behind the unprecedented stock market reaction to COVID-19 pandemic, Baker, Bloom, Steven, Davis, Kost, Sammon, and Viratyosin (2020) used text-based research methods involving large daily stock market that dated back to 1900 and with overall stock market volatility dated back to 1985, and found that no previous infectious disease outbreak, including the Spanish Flu impacted the stock market as forcefully as the COVID-19 pandemic in United States. Their finding suggests that government restrictions on commercial activities, voluntary social distancing, and service-oriented structured economy were the main reasons the stock market reacted so much more to COVID-19 than to previous pandemics in 1918-19, 1957-58 and 1968. According to Brahmhatt and Dutta (2008), contagious disease outbreaks generally cause human and economic cost through illness and death. However, corona virus disease outbreak such as SARS also create severe economic disruptions even when there is ultimately relatively little illness or death. They attributed the disruptions to uncoordinated and panicky efforts by individuals to avoid becoming infected. Shannon and Willoughby (2004) equally observes that fear was an influential factor in the world's response to SARS.

Investigating the volatility of share prices and returns on the US stock market occasioned by COVID-19, Onali (2020) examined the impact of COVID-19 cases and related deaths on Dow Jones and S&P500 indices using a GARCH (1,1) model with data from April 8, 2019 to April 9, 2020. The study found that changes in the number of cases and deaths in the US and six other countries majorly affected by the COVID-19 crisis did not have an impact on the US stock market returns, apart from the number of reported cases for China. However, there was a positive impact on some countries, on the conditional heteroscedasticity of the Dow Jones and S&P500 returns. The number of reported deaths in Italy and France has a negative impact on stock market returns and a positive impact on the VIX returns

Yan (2020) examined the reactions of China A-share stocks market reactions to COVID-19 between 20 January 2020 and 7 April 2020 and found that the stock returns were adversely affected by COVID-19, but reverses every 10 days. The study equally reported that larger firms are more resilient to the shock because they have more resources or monopoly power and suffer less from the supply chain break. Nieto and Rubio (2020) using data from the Spanish market, analyzed the significant differences of the impact of COVID-19 on prices across sectors and risk factors in the Spanish stock market. They found that the financial and consumption service sectors had the worst relative performance during the first four months of 2020. However, the energy and consumption goods sectors, pharmaceutical products and biotechnology had positive market adjusted returns. Using data from both the Spanish and the U.S. market, risk factors related to momentum and quality stocks have an outstanding dynamic behaviour between January 2 and March 31, 2020, and growth stocks outperformed value stocks.

There are earlier studies that investigated the effects of other diseases pandemic on stock market performances. These include, Wang, Yang and Chen (2013)'s study on how ENTEROVIRUS 71, DENGUE FEVER, SARS and H1N1 contagious disease outbreaks between 1992 and 2012 affected the performance of biotechnology stocks in Taiwan. The study found a significant abnormal return on company shares in the biotechnology industry indicating that the investors rationally measured operating conditions of the biotechnology companies during the outbreaks of



major infectious disease and adjust their portfolio accordingly. Chen, Jang and Kim (2007) studied the impact of the SARS epidemic on Taiwanese hotel's stock value developments using an event-study approach and found that seven of the hotels quoted on the stock exchange experienced sharp decreases in income and stock price during the SARS crisis period. Nippani and Washer (2004) applied t-test statistics and the Mann-Whitney test to study the effect of SARS on Canadian stock exchange and eight Asian stock exchanges using the leading stock indices with the S&P 1200 global stock index for the sampled countries within the SARS epidemic period and within the non-SARS period. They found that SARS epidemic did not inflict negative effect on the countries' stock exchanges except China and Vietnam.

In the context of Nigeria, there is limited empirical study on the impact of COVID-19 on stock market in Nigeria. The few studies so far includes Osagie, Maijamaa and John (2020) which applied Quadratic GARCH (QGARCH) and Exponential GARCH (EGARCH) models with historical data covering 2nd March 2015 to 16th April, 2020 to examine the effect of COVID-19 outbreak on the stability of the Nigeria stock exchange during the period 2nd January 2020 to 16th April 2020. The results indicate a loss and increased volatility in stock returns. While, Alade, Adeusi and Alade (2020) studied the relationship between COVID-19 confirmed cases and Nigerian stock market capitalization using daily data from 1 March to 31 May 2020 and employed Vector regression model for the estimation. The results show that confirmed cases of COVID-19 have mixed effects on the Nigerian stock market equity capitalization, while the increase in global announced confirmed cases reduced the market capitalization.

The influence of sudden events other than disease pandemic on stocks markets attracted the attention of scholars such as Elad and Bongbee (2017) who examined the effect of acquisition news on stock returns applying the market model to predict future stock returns. A simple regression using a data of 51 observations of acquiring companies with publicly traded shares on the London Stock Exchange (FTSE100) was used over a period of July 2012 to May 2013. The finding indicates that the event of acquisition has a positive effect on stock returns.

In a similar situation, Ahmad (2015) studied the impact of both fortunate and unfortunate unanticipated events on the stock market performance in Pakistan using the restoration of Iftikhar Muhammad Choudry as the Chief Justice of Pakistan on July 20th, 2007, and the assassination of former Prime Minister, Benazir Bhutto on December 27th, 2007. The study revealed that the fortunate event impacted the share price and trading volume, while the shocking news of the assassination did not have a significant impact on the share price and trading volume on the stock exchange. Suwanna (2012) employed event study methodology to examine the effect of dividend announcement of 60 Thai financial industry companies listed on the Stock Exchange of Thailand during the period 2005-2010 and found that the stock prices significantly move upward after the dividend announcements.

2.3 An Overview of the Nigeria Stock Market

The Nigerian Stock Exchange (NSE) was established to provide listing and trading services in securities for local and international investors. Its functions include provision of platform for offerings of stock and shares to the general public, promote participation of the public in the private sector of the economy, encourage the investments of savings through stocks and shares, attraction and enhancement of foreign investment in Nigeria, reduction of the risk of liquidity by



facilitating the purchase and sale of securities and protection of the public from shady deals and practices in quoted securities so as to ensure fair trading through its rules, regulations and operational codes (Anyanwu, 1993).

The exchange is a nonprofit making entity and a private company limited by guarantee (Nwankwo, 1988) and its activities is regulated by the Securities and Exchange Commission (SEC) which was set up in 1979. The exchange has branches in almost major business towns of the country with headquarters in Lagos. The exchange operates an Automated Trading System (ATS) and a new generation electronic trading platform, X-Gen, for retail and institutional segments of the market.

From inception, the exchange was dominated with government securities. However, these changed with the Structural Adjustment Programme (SAP) with its policies of deregulation in 1986 and the commencement of privatization of government owned enterprises in 1988, private enterprises became dominant on the exchange. The exchange like any other exchange has two markets; the primary market which is for new issue and sale of new securities, and the secondary market which is for exchange of already existing securities. Operationally, the exchange is classified into first-tier securities market in which securities of big quoted public limited liability companies are traded, and the second-tier securities market for small and medium scale companies wishing to go public but cannot meet listing requirement on the first-tier securities market.

As at January 2020, the exchange has a total of 161 listed companies, with eight domestic companies on the premium board, 144 companies on the main board, and nine companies on the Alternative Securities Market (ASeM) board. In the fixed income market, the NSE has 84 FGN bonds, 21 state bonds, 27 corporate bonds, 1 supranational bond and 53 memorandum listings (NSE, 2020).

The performance of an exchange is adjudged by an index which is used as a benchmark for comparing returns for the whole market or a specific stock. The Nigerian Stock Exchange uses a value-weighted All-Share Index formulated in January 1984 (January 3, 1984 = 100), with a sample-based capitalization-weighted index NSE-30 Index, and five sector indices including NSE Consumer Goods Index, NSE Industrial Index, and NSE Oil/Gas Index, NSE Banking Index, and NSE Insurance Index.

The exchange which started with just 19 listed securities in 1960 and a trading volume of 80,500 pounds grew up to having a total of 161 listed companies and a market capitalization of ₦28.26 trillion as at January, 2020. Since the outbreak of the virus in Nigeria, the exchange has listed on its floor N20Bn Flour Mills Bond; N16.5Bn Primero BRT SPV Bond; N1.2Bn supplementary listing of Golden Guinea Breweries Plc shares; and several Government Bonds worth over N160Bn (NSE, 2020).

3. Methodology

The study employed event study methodology first developed and applied on stock splits by Dolly (1933) for the investigation. Event study examines the extent at which a market or system react to an unexpected event. It is used in stock market studies to test whether stock performance indicators respond to a particular event (Brooks, Patel, Su, 2003; Binder, 1998;



Fama, 1976). In this case, it is applied to test the reaction of Nigerian stocks market to COVID-19 outbreak and its instigated responses in Nigeria. The performance investigation was done on the market index; the NSE All-Share Index (NSEASI) which is a statistical parameter reflecting the composite value of the market characteristic. In addition, the impact on the exchange’s five sectors comprising of NSE Consumer Goods Index (NSECGI), NSE Industrial Index (NSEIDI), NSE Oil/Gas Index (NSEOGI), NSE Banking Index (NSEBKI), and NSE Insurance Index (NSEINI) were examined. February 27th, 2020 the date the index case in Nigeria was announced was used as the event day, while, 50 days before and 50 days after the announcement of the pandemic were the event window. Daily data on the indices were obtained from NSE.

The two samples employed for the study are independent and taken from a population with equal variances, and the data are continuous. Following Ngwakwe, 2020; Kim and Tang, 2020; Guo, Kuai and Liu, 2020; and Funck and Gutierrez, 2018, t-test of mean difference estimation technique was applied to determine whether there was a significant difference in the performances of the market indices between the sampled period before the outbreak of the pandemic and the period after the outbreak of the pandemic. It was conducted on a two-tailed bases with a null hypothesis stating that there was no significant differences between the two means which is either rejected or not rejected after the calculated t-value is compared against the standard t-values at an α level. If t-cal is more than t-observed, the null hypothesis is rejected in favour of an alternative. The probability level, (*p*-value) which is the probability that the test statistic will take a value at least as extreme as the observed value assuming the null hypothesis is true was equally used in the decision rule. If the *p*-value is less than the selected α level, the null hypothesis is rejected in favour of an alternative hypothesis.

The t-test is denoted by:

$$t = \frac{\bar{x}_1 - \bar{x}_2}{s/\sqrt{n}}$$

Where: \bar{x}_1 = mean of first sample (before the announcement of the event); \bar{x}_2 = mean of the second sample (after the announcement of the event); *s* = standard error and \sqrt{n} = square root of the sample size.

4. Results and Discussion of Findings

The t-test results showing the extent of significant mean difference between the period before the announcement of the emergence of the COVID-19 pandemic and the period into it on the entire stock market (NSEASI), and its component sectors of consumer goods (NSECGI), industrial (NSEIDI), oil and gas (NSEOGI), banking (NSEBKI), and insurance (NSEINI) are presented in Table 1.

Table1: Results of Mean Difference between the Performance of NSE before and a Period into COVID-19

No.	I	II	III	IV	V	VI
Index	NSEASI	NSECGI	NSEIDI	NSEOGI	NSEBKI	NSEINI
Mean 2	22392.89	370.3448	1046.55	215.3276	267.7776	117.9306
Mean1	27991.64	546.7054	1175.978	244.7284	370.653	127.9744
Diff. Mean	-5058.751	-176.3606	-129.428	-29.4008	-102.8754	-10.0438



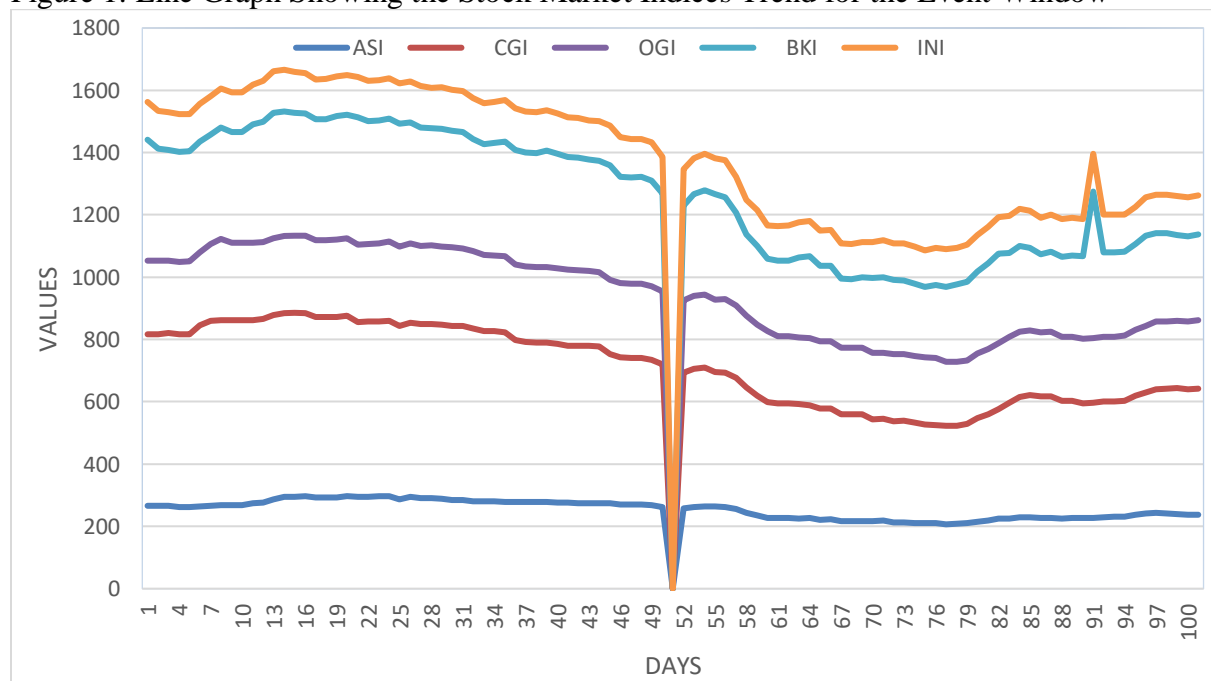
Diff. Std. Err.	346.7003	9.136377	12.58923	1.98442	7.057044	0.981776
Diff. Std. Dev.	2451.451	64.60384	89.01929	14.02979	49.90084	6.942205
Diff. 95%	-5755.472	-194.7208	-154.727	-33.38802	-117.0571	-12.01675
Conf. Interval	-4362.031	-158.0004	-104.129	-12.41358	-88.69374	-8.070848
Pr (T < t)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Pr (T > t)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Pr (T > t)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
t-cal.	-14.5911	-19.3031	-10.2809	-14.8181	-14.5777	-10.2302
Observation	50					
D.F	49					
t-α 0.05%	1.68					

decision	Sig Reduction	Sig Reduction	Sig Reduction	Sig Reduction	Sig. Reduction	Sig. Reduction
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Source: Authors computation using E-view

A line graph showing the trends in the cumulative stock indices of the market are presented in Figure 1.

Figure 1: Line Graph Showing the Stock Market Indices Trend for the Event Window



Based on the result as presented in Table 1 column I, COVID-19 exerted a significantly reduction on the performance of the Nigerian Stock Exchange (NSEASI) generally. The difference in the mean value is -5058.751. The t-cal value is -14.5911, while the t-table observed value is -1.68. The P-value of Pr (T < t) is 0.0000, and Pr (T > t) is 1.0000. Since the t-cal value of -14.5911 is more than the t-table observed value of -1.68 it fell into the critical region. Therefore, the null hypothesis is rejected in favour of an alternative negative effect. This was supported with the P-value of 0.0000 which is less than α 0.05 level.



Assessing the effect of the pandemic on the various sectors of the stock market indicate that COVID-19 significantly impacted the sectors negatively. As presented in Table 1 column II to VI, the results showed a difference in means of -176.3606, t-cal value of -19.3031, and Pr (T< t) value of 0.0000 for the consumer goods sector (NSECGI) indicating a rejection of the null hypothesis of no significant difference, and it is rejected in favour of a significant negative impact. Similarly, for the industrial sector (NSEIDI), the difference in means is -129.428, t-cal value is -10.2809, and Pr (T< t) value is 0.0000 which also indicated a rejection of the null hypothesis of no significant difference for a significant negative impact.

Furthermore, there are the difference in means of -29.4008, t-cal value of -14.8181, and Pr (T< t) value of 0.0000 for the oil and gas sector (NSEOGI); difference in means of -102.8754, t-cal value of -14.5777, and Pr (T< t) value of 0.0000 for the banking sector (NSEBKI); and difference in means of -10.0438, t-cal value of -10.2302, and Pr (T< t) value of 0.0000 for the oil and gas sector (NSEINI). These results indicate a rejection of the null hypotheses of no significant difference, and it is therefore rejected in favour of an alternative of significant negative impact of the pandemic on the oil and gas, banking, and insurance sectors. This shows that unlike what happened in some economies where the pandemic increased performances of some sectors such as consumer goods, pharmaceutical and biotechnology sectors of their stock market (Nieto & Rubio, 2020), no sector of the Nigerian economy was resilience to withstand the pandemic. Secondly, it is an indication to investors that apart from the existence of the normal risks associated with their investments, an unexpected and sudden event causing uncertainty that can affect the value of their investment can occur any time.

The decline in the performance of the Nigerian stock market and its various sectors due to COVID-19 can be attributed to the highly contagious nature of the virus and the rate of death associated with it, couple with the social distancing, stay-at-home order, closures of non-essential business, restrictions on long-distance and international travel, international supply shock, decreases in labour supply, capital flight and increased uncertainty which were identified in existing studies such Azimili (2020); Jim (2020); Ramelli and Alexander (2020); Topcu and Gulal (2020); and Wang, Yang and Chen (2013). Furthermore, the structure of the Nigerian economy which is highly import dependent, and using labour intensive means of production with low level application of hi-technology in most of the economic activities (Metu. Nwogwugwu and Okeyika, 2019) may equally have retard enterprise activities and consequently stocks performances during the pandemic outbreak. All these led to higher operating cost, low cash flow, low productivity and decrease in revenue which ultimately will affect the profitability of companies and the economy at large negatively. Hence, stock prices which represent the potential of future earnings of the companies are negatively affected as investors responded by selling their shocks before the situation deteriorate further.

The findings are consistent with Liu, Manzoor, Cang, Wang, Zhang and Manzoor (2020) study on the impact of the COVID-19 outbreak on 21 stockmarkets including Japan, Korea, Singapore, the USA, Germany, Italy, and the UK; Baker, Bloom, Steven, Davis, Kost, Sammon, and Viratyosin (2020) on USA; and Yan (2020) study on China. However, it is inconsistent with Nieto and Rubio (2020) finding that COVID-19 exerted positive effect on the energy, consumption goods, pharmaceutical products and biotechnology sectors of Spanish stock market.



5. Conclusion

The study investigated the effect of COVID-19 on the Nigeria stock exchange generally and the various sectors on the exchange using t-test of means difference. Findings indicate that COVID-19 had significant negative effect on the market generally and equally across all the sectors listed on the exchange. This shows that unlike what happened in some economies where the pandemic increased performances of some sectors such as consumer goods, pharmaceutical and biotechnology of their stock market, no sector of the Nigerian economy was resilience to withstand the pandemic. Secondly, it is an indication to the investors that apart from the existence of the normal risks associated with their investments, an unexpected and sudden event causing uncertainty that can affect the value of their securities can occur any time. Furthermore, the industry regulator; the Security and Exchange Commission (SEC) is now equipped with empirical evidence on the effect of disease pandemic on the stock market and will be in a superior position to regulate the market better.

The finding can be attributed to the highly contagious nature of the virus and the rate of death associated with it; the responses such as social distancing, stay-at-home order, closure of non-essential businesses, restrictions on long-distance and international travels, supply shocks, decreases in labour supply, capital flight; and increased uncertainty and fear. Furthermore, the structure of the Nigerian economy which is highly import dependent and low level of hi-technology application in most of the economic activities would have contributed in fueling the reduction in the performances.

Based on these, the study recommends that government should provide stimulus packages that will put companies back on track to their pre-COVID-19 performance, intensify efforts in the provision of health care facilities and research endeavours that will respond speedily to pandemic outbreak, and improve on information management to reduce fear and uncertainty associated with COVID-19.

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